

ECON 321, Class 21: BP Chapter 22, Dealers versus Platforms

1. Read the Introduction to Part IX, the Intro to Chapter 22, and the intro to 22.1. Keep all these examples and ideas in mind for discussion.
2. Skim 22.1.1.
3. Read Section 22.1.2 carefully. Do the analysis in Mathematica. As usual you work backwards, starting with stage 2 in the dealer game and with stage 3 and then 2 in the intermediation games. In your notebook, you can simply enter the Stage 2 and 3 demand functions as given rather than deriving them, but you should solve out the stage 1 problem of the intermediary completely.
4. You do not have to calculate the welfare functions in Mathematica, but do read the rest of the section to understand more about what's going on.